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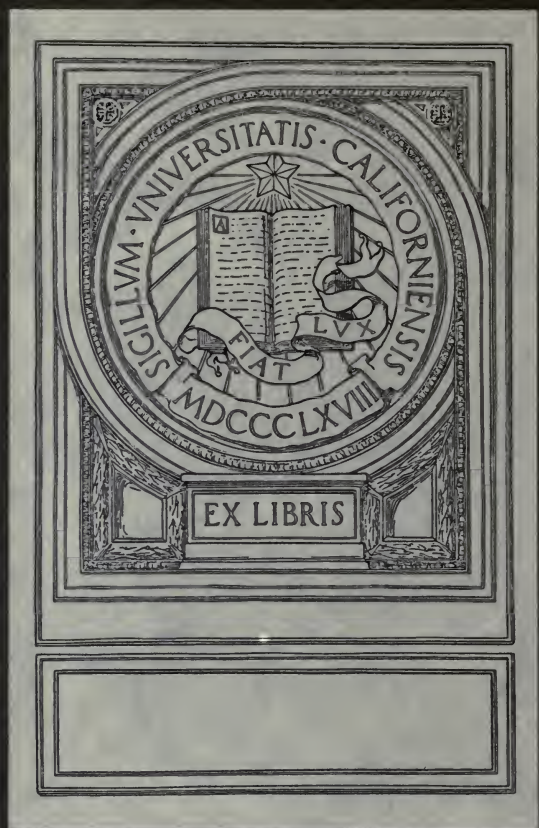
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# SHIPPING AFTER THE WAR

BY

Rt. Hon. J. M. ROBERTSON, M.P.



PUBLISHED BY THE COBDEN CLUB, BROADWAY COURT,  
WESTMINSTER, S.W., AND

PRINTED BY CASSELL AND COMPANY, LTD.,  
LA BELLE SAUVAGE, LUDGATE HILL, LONDON, E.C.

1916

## COBDEN CLUB PUBLICATIONS.

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**Fiscal Policy after the War.** By JOHN M. ROBERTSON, M.P.

Price 1d.

**Protection in War Time.** 2s. per 100, or 12s. per 1,000.

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# SHIPPING AFTER THE WAR

## I

ONE of the current proposals for the control of trade after the war is a call for partial or general renewal of the old measures known as the Navigation Laws. It is commonly put in the form of a demand that after the war, as at present, no German ship shall be permitted to enter any port in the British Empire. So far as the propaganda has been organised, however, it takes a form which does not directly indicate that aim, but seems to point to action of a more far-reaching kind. On April 3rd, a deputation from the Associated Chambers of Commerce waited upon Mr. Bonar Law and Mr. Runciman, and submitted, "among other resolutions," the following:

That action should be taken by the Government to amend the existing Navigation Laws under which *subsidized foreign ships* can make use of British ports and obtain the benefit of harbour facilities while escaping the payment of harbour dues.

As most people will admit the *prima facie* propriety of making all ships alike pay reasonable dues for whatever harbour facilities they enjoy, and this whether they are subsidized or not, the resolution as a whole, and the

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words italicized in particular, would seem to have been chosen for the purpose rather of covering than of explaining what it is that is really desired.

As it happens, the copy of the resolution in the *Times* of April 3rd is published under the significant heading of "British Trade for British Ships," and is followed by an interesting article "From a Correspondent," which begins with the remark that "This resolution *raises the whole question of the famous Navigation Acts* which first came into being during the Commonwealth, and long exercised important influence on British trade." It would seem reasonable, then, to infer that in some more or less influential quarters it is proposed to revive the policy of the Navigation Acts, either as regards Germany alone or for sea-borne commerce in general. Such a proposal challenges the most careful consideration. If it be possible by the method of the Navigation Acts to keep British trade at a permanent advantage as against that of Germany, no humanitarian scruples need restrain us. The real question is simply, How would it work? And as the supporters of the scheme evidently regard the Navigation Acts as something of an instructive example, the first step may fitly be to trace their actual history and their effects.

The *Times* correspondent gives a quite accurate account of their establishment; but he might usefully have told something of the series of old Navigation Acts which preceded them, and which had the same object. In 1381, under Richard II., in order to "increase the navy of England, which is now greatly diminished," it was enacted that no English subject should either export or import merchandise save in English bottoms. There is no trace of any gain in consequence to the English marine; and in 1409



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Henry IV. permitted relaxations to the merchants of Venice, doubtless for value received. Both Richard III. and Henry VII. tried monopoly measures, the latter enacting that in order to save the navy—that is, shipping in general—from ruin, no exports should go out save in English bottoms; and that Gascony wines and Toulouse woad should be imported only in such. Seventy years later an Act of Edward VI. (1552) gravely explains that whereas the latter provisions had been designed to keep wine and woad cheap, they had, on the contrary, grown progressively dearer, “and the navy of the realm thereby never the better maintained.” The discovery must have been made some generations earlier; but to act upon it was another matter. In 1552 the interest of the consumer temporarily got the upper hand, and importation was allowed in foreign bottoms during eight months of the year.

Under Elizabeth the Act of Henry VII. was first repealed (1559), and then after a few years re-enacted, as part of a policy of temperance reform and of shipping expansion by way of compulsory fish-eating on Wednesdays and Saturdays. The Wednesday law, however, was repealed in 1584, it having been realised that freedom to export had a better effect on the fishing industry than “politic” compulsion to eat fish. It is further probable that all the old restrictive Acts were extensively evaded. The repealing Act of the first year of Elizabeth had declared that through them “there hath not only grown great displeasure between the foreign princes and the king of this realm, but also merchants have been sore grieved and endamaged” by the retaliations of foreign States. These were, in fact, the inevitable accompaniments of the policy; and peace-seeking princes like Eliza-

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beth and James were consequently indisposed to extend it, though they assiduously promoted monopolies at home.

The rise of English Colonial power, however, evoked new demands for a monopolist policy in shipping; and a new era of Navigation Laws began with an Order in Council of 1646-7 (adumbrated in 1639) prohibiting the "plantations" to ship any of their produce save in English bottoms. This was supposed, or at least declared, to be a way of encouraging Colonial trade; and obviously it would tend to help English shipping in that direction, while preventing the Colonists from trading directly with any other country. And the foreign country chiefly affected was Holland, which at that time had most of the carrying trade of Europe, and was beginning to figure as the natural enemy of England, Spain having as such receded into the background. In 1624 there had occurred the massacre of Amboyna, when the two countries were actually allies, and their common hostility to Spain prevented a breach. But the memory remained; and the jealous exclusiveness of the Dutch in the East—which was in marked contrast with their practice of Free Trade in their home ports—developed a new commercial hostility.

In due course the English Ordinance of 1647 was followed by a diplomatic move on the part of Holland, which secured from the King of Denmark a commutation of shipping dues in the Sound for an annual payment, on condition that no other nation was to have the same privilege. Then it was that, after Cromwell's victory at Worcester, there was passed the Navigation Act of 1651. It provided that no produce of any country in Asia, Africa or America should be imported into any territory of the Commonwealth save in vessels owned by Englishmen or inhabitants of English Colonies, and manned by crews of which more

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than half were of English nationality; while the produce of any part of Europe was to be imported only in English vessels or in vessels owned in the country in which it was produced or manufactured.

By this measure the Dutch trade with the English Colonies was practically put an end to, the Dutch being then above all things carriers, with little produce of their own. That produce (mostly butter and cheese) not being saleable in the tropics, they could have no cargo for the outward voyage to the West Indies. Further, though Dutch-cured fish might rationally have been reckoned Dutch produce, both salt fish and fish oil were put on the prohibited list; and dairy produce, for which there was little English demand, remained for a time the only cargo for Dutch ships trading with England. A natural sequel to the Act of 1651 was a war between the two Republics. It was not directly caused by the Act, being grounded on reciprocal injuries previously inflicted in trade quarrels; but it might easily have been averted save for the tempers created by the monopoly measures of both countries. The massacre of Amboyna, passed over when it occurred in 1624, was made one of the grounds of strife in 1651. After the war had continued some time, many English merchants were anxious to end it without pressing their claims for compensation. Twenty years' profits had been swallowed up in the struggle; the Sound had been closed to English trade; and the costs of the war, which Parliament had vainly sought to defray by confiscation of many hundreds of Royalists' estates, had caused the imposition of heavy new taxation. Thus began a generation of chronic strife between two Protestant nations, originally and naturally friends.

It is fair to say that the honours were even. Both



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sides had given and received abundant provocation; and in 1652, when English privateers were bringing into port for trial Dutch ships suspected of having French goods on board, though the Court of Admiralty freed the ships and even awarded compensation for delay, English sailors took revenge for Amboyna—and other things—by torturing Dutch sailors to make them confess to carrying French goods.<sup>1</sup>

After such quarrels had led to actual naval war, it was natural that at the Restoration, in 1660, the Navigation Act should be strengthened. Both exports and imports were forbidden to the Colonies save in English or Colonial ships whereof the master and three-fourths of the crew were English; and the same standard of English flag and manning was applied to home imports of non-European produce, as well as to the English coasting trade. In 1661, further, it was enacted that English recognition should be given only to ships built as well as owned in England.

As regarded the Colonies, this policy, though to a large extent evaded, admittedly laid the basis for the friction which ultimately caused the loss of those of North America. It is quite fair to say, with Mr. J. A. Doyle, that English statesmen of the seventeenth century are not to be blamed for the inability to foresee what was to happen under changed conditions a century later. We are really not concerned here and now to blame anybody in the business. What we are concerned to ascertain is just what happened—what were the actual effects on trade and shipping of the Navigation Acts.

<sup>1</sup> Gardiner, "History of the Commonwealth and Protectorate, 1649, 56," ed. 1903, ii., 170.

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### II

It is still customary among Protectionists to state the result in the language of Adam Smith—or some of it. A good Imperialist, he wrote as follows:—

“When the Act of Navigation was made, though England and Holland were not actually at war, the most violent animosity subsisted between the two nations. It had begun during the Government of the Long Parliament, which first framed the Act, and it broke out soon after in the Dutch wars during that of the Protector and of Charles the Second. It is not impossible, therefore, that some of the regulations of this famous Act may have proceeded from national animosity. They were as wise, however, as if they had all been dictated by the most deliberate wisdom. National animosity at that particular time aimed at the very same object which the most deliberate wisdom would have recommended—the diminution of the naval power of Holland, the only naval power which could endanger the security of England.”<sup>1</sup>

Here, to begin with, there is a distinct historical error. The English Parliament in 1651 was not at all alarmed about the naval power of Holland; and the Act, as Dr. Gardiner avows, “was passed in a fit of irritation. . . . It sought to provide employment for the English mariner and fisherman, and business for the English merchant, at the expense of raising the price of commodities to the English consumer.”<sup>2</sup>

It was avowedly passed “for the increase of shipping and encouragement of the navigation of this nation,” not for the diminution of Dutch naval power; and it was with those objects that it was maintained. “So little did the authors of the Navigation Act contemplate a war with

<sup>1</sup> “Wealth of Nations,” b. iv., ch. ii.

<sup>2</sup> As cited above, p. 147.



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the United Provinces," writes Dr. Gardiner, "that for some months after their measure passed into law they were hesitating between two strongly opposed lines of foreign policy, the adoption of either of which would bind England hand and foot in the presence of the Dutch navy."<sup>1</sup> When the Dutch Ambassadors came to England at the end of 1651 they were invited to resume discussion of Cromwell's fantastic project of a union between the two countries. When war actually broke out the English fighting men were confident of making very short work of it. "The Dutch, in fact, had an enormous commerce to protect with a comparatively small navy; the English had to protect a comparatively small trade with a large, well-equipped and efficient navy."<sup>2</sup> It was bad English management that gave the Dutch what advantages they scored. And no fear of a Dutch invasion ever existed until the Navigation Acts had been at work for twenty-two years. The chief war-mongers were Scot and Hazelrigg; Cromwell was disinclined, and he had Vane with him. In 1659 Scot avowed that the countries were "rivals for the fairest mistress in all Christendom—trade."<sup>3</sup>

As to the effect of the Navigation Act on trade, Smith, always an honest economist, in effect confesses the failure, though he holds to his position about "power." He continues:

"The Act of Navigation is not favourable to foreign commerce, or to the growth of that opulence which can arise from it. The interest of a nation in its commercial relations to foreign nations is, like that of a merchant with regard to the different people with whom he deals, to buy as cheap and to sell as dear as possible. But it will be most likely to buy cheap when by the most perfect

<sup>1</sup> *Id.*, p. 153.

<sup>2</sup> *Id.*, p. 180.

<sup>3</sup> *Id.*, *ib.*

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freedom of trade it encourages all nations to bring to it the goods which it has occasion to purchase; and for the same reason it will be most likely to sell dear when its markets are thus filled with the greatest number of buyers. The Act of Navigation, it is true, lays no burden upon foreign ships that come to export the produce of British industry. . . . But if foreigners, either by prohibitions or high duties, are hindered from coming to sell, they cannot always afford to come to buy, because coming without a cargo they must lose the freight from their own country to Great Britain. By diminishing the number of sellers, therefore, we necessarily diminish that of buyers, and are thus likely not only to buy foreign goods dearer, but to sell our own cheaper than if there was a more perfect freedom of trade. As defence, however, is of much more importance than opulence, the Act of Navigation is perhaps the wisest of all the commercial regulations of England."

Already it is tolerably clear that Smith has been caught napping. By his own (mistaken) account, the Act was directed against the naval *power* of Holland. The only way in which it could possibly have an effect upon that, obviously, would be by multiplying English and diminishing Dutch shipping. Now, by Smith's own implicit admission, it did not even tend to do the former, inasmuch as it was not favourable to increase of trade. How, then, could it promote English power? Only by relatively diminishing Dutch. And it did neither the one nor the other.

The facts are made abundantly clear by the explicit admissions of a series of English writers of the Restoration period and of the next. First, we have the testimony of Roger Coke, in his "Treatise on Trade," published in 1671, that the Navigation Act, by lessening the resort

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of strangers to our ports, had a most injurious effect on our commerce—just what Smith admits must have taken place; and Coke further states that within two years of its passing England lost the greater part of the Baltic and Greenland trades.<sup>1</sup> Nearly twenty years later, Sir Josiah Child, a strong supporter of the Act, greatly extends the testimony. Writing in 1690, he prints a table

### OF TRADES LOST.

“1. The Russia trade, where the Dutch had last year twenty-two sail of great ships and the English but one, whereas formerly we had more of that trade than the Dutch.

“2. The Greenland trade, where the Dutch and Ham-burghers have yearly at least four or five hundred sail of ships, and the English but one the last year, and none the former.

“3. The great trade of salt from St. Vuals, in Portugal, and from France, with salt, wine and brandy to the east-lands.

“4. All that vast and notorious trade of fishing for white herrings upon our own coast.

“5. The East-country trade, in which we have not half so much to do as we had formerly, and the Dutch ten times more than they had in times past.

“6. A very great part of our trade for Spanish wools from Bilbao. These trades, and some more I could name, the Dutch interest of three per cent., and narrow-limited companies in England, have beat us out of.

“7. The East India trade for nutmegs, cloves and mace, an extraordinary profitable trade, the Dutch arms and sleights have beat us out of, but their lower interest gave strength to their arms, and acuteness to their invention.

<sup>1</sup> “Treatise on Trade,” 1671, pp. 36, 48, cited by McCulloch.



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"8. Their great trade for China and Japan (of which we have no share) is an effect of their low interest, those trades not being to be obtained but by a long process, and great disbursements, destitute of present, but with expectation of future gain, which six per cent. cannot bear.

"9. *The trades of Scotland and Ireland, two of our own kingdoms, the Dutch have bereaved us of*, and, in effect, wholly engrossed to themselves; of which their low interest has been the principal engine, though I know other accidents have contributed thereto, of which more hereafter.

"10. The trade for Norway is in great part lost to the Danes, Holsteiners, etc., *by reason of some clause in the Act of Navigation*, of which more in due place.

"11. A very great part of the French trade for exportation is lost, by reason of great impositions laid there upon our draperies.

"12. A great part of the plate trade from Cadiz is lost to the Dutch, who, by reason of the lowness of their interest, can afford to let their stocks lie beforehand at Seville and Cadiz against the arrival of the Spanish flota, which sometimes are expected three, six, nine, and twelve months before they come, especially since the late interruptions that our Jamaica capers have given them; by which means they engross the greatest part of the silver, whereas we, in regard to our stocks run at a higher interest, cannot so well afford to keep them so long dead. It is true the English have yet a share in this trade, by reason of some after-recited natural advantages, viz., woollen manufactures, tin, lead, fish, etc., inseparably annexed by God's providence to this kingdom. It is true, likewise, that the peace at Munster has much furthered the Dutch in this affair; but as true it is that their lower interest has enabled them to make a much greater improvement and advantage in trade by that peace than ever they could otherwise have done.

"13. The trade of Surranham (Surinam), since the

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Dutch got possession of that country in the late war, is so totally lost to the English that we have now no more commerce with that country than we should have if it were sunk in the sea, so severe and exact are the Hollanders in keeping the trades of their own plantations entirely to their own people.

"14. The trade of Menades, or New York, we should have gained instead of the former, since we got possession of that place in the late war, if the Dutch had not been connived at therein at first, which now I hope they are not; for if they should be, it would not only be to the entire loss of that trade to England, but greatly to the prejudice of the Dutch trade to Virginia, because the Dutch, under pretence of trading to and from New York, carry great quantities of Virginia tobacco directly for Holland.

"15. The English trade to Guinea, I fear, is much declined, by reason that company have met with discouragements from some of our neighbours.

"Note that most of the aforementioned trades are the greatest trades in the world, for the employment of shipping and seamen.

"2ndly, That no trades deserve so much care to procure and preserve, and encouragement to prosecute, as those that employ the most shipping, although the commodities transported be of small value in themselves; for, first, they are certainly the most profitable; for besides the gain accruing by the goods, the freight, which is in such trades often more than the value of the goods, is all profit to the nation; besides, they bring with them a great access of power (hands as well as money), many ships and seamen being justly the reputed strength and safety of England.

"I could mention more trades that we have lost, and are in the highway to lose, but I shall forbear at present, for fear this porch<sup>1</sup> should prove too big; as also for other reasons. The trades we yet retain are:

<sup>1</sup> *I.e.*, his Preface to his new edition.



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"1st, For fish, the trade of red herrings at Yarmouth, pilchards in the West country, and cod fish in Newfoundland and New England.

"2ndly, A good part of Turkey, Italian, Spanish and Portugal trades.

"Our trades to and from our own plantations, viz. Virginia, Barbadoes, New England, Jamaica, and the Leward Islands.

"If any shall here ask me how it comes to pass that the Dutch low interest has not cashiered us out of these trades as well as the former, I shall answer, first generally and then particularly<sup>1</sup>. . . ."

We need not now occupy ourselves with the worthy knight's economic theories, beyond remarking that low interest is the result of accumulated capital, which is the result of abundant trade; and that dear money was simply one of the forms of dearness which the Navigation Acts had brought upon England. What is of importance is his statement of facts. And that statement is again corroborated by the author of "An Essay on the Causes of the Decline of the Foreign Trade, consequently of the Value of the Lands of Britain," first published in 1744.<sup>2</sup>

It is as an opponent of high taxes, customs, bounties on exports, and monopolies that this essayist puts his case, observing concerning the Navigation Act<sup>3</sup> that "although this Act is beneficial to us under our present diseases, but would be needless were they perfectly remedied, yet it is even now not without its inconveni-

<sup>1</sup> Preface to "A New Discourse of Trade," 1690. I quote from the 4th ed., pp. xx.-xxvi.

<sup>2</sup> Long ascribed to Sir Matthew Decker, but now believed to be by William Richardson, a merchant.

<sup>3</sup> Edinburgh ed., 1756, p. 60.

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ences." He is thus not a prejudiced witness. Three of his points may be noted :

"1. *Laws to prevent the importation of most sorts of fish by foreigners.* This gives a monopoly to our few fishermen and fishmongers against our own people; and the consequence is that fish bears five times the price at London that it does at Amsterdam, or more; great quantities of fish being thrown away by our dealers to keep up extravagant prices, to the great grievance of our industrious poor. And it has prevented our gaining the Scotch fishery, by banishing from our coasts the Dutch fishermen, who would in time have settled with us, our own country being better than Holland; nothing but taxes and monopolies can keep them away. . . . This obstruction hath enabled the French to commence fishermen on our coasts, who employ already a great number of vessels: how dangerous this may in time prove, I leave every honest Englishman to judge. And what a melancholy figure do we make, surrounded by fisheries, yet so bound down by taxes, monopolies, etc., that we cannot undertake them, but sit tamely idle, and see foreigners swarming upon our coasts and carrying away our riches."

2. Besides noting the general tendency of the monopoly established by the Navigation Acts to keep prices high, he quotes the author of "*Britannia Languens*" as pointing out "that the Danes, taking the advantage of this Act, raised their prices and customs upon us for pitch, tar and timber near double, and the Leiflanders the same for hemp and flax." And he adds: "Now, as this Act makes our Navigation dear, it for that reason deprives us of the fishing trade, the great nursery of seamen, which cannot be carried on but by a cheap navigation to vie with the Dutch and French, in which we make no progress worth speaking of: therefore, in this case, that Act has deprived us of seamen, instead of increasing them. . . ."

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3. The essayist quotes the testimony of Roger Coke,<sup>1</sup> "That two years after the Rump making this law, the building of ships became one-third penny dearer, and seamen's wages so excessive, that we have wholly lost the trades to Muscovy and Greenland thereby."

And this is not all. The *Times* "correspondent," before cited, states that the Navigation Act "ruined the Dutch trade with England." But one of the chief mercantile authorities of the eighteenth century, Joshua Gee, whose treatise "The Trade and Navigation of Great Britain Considered," was first published in 1729, testifies that—

"Holland takes from England broad-cloth, druggets, long ells, stuffs of a great many sorts, leather, corn, coals, and something of almost everything that this kingdom produces; besides all sorts of India and Turkey re-exported goods, sugars, tobacco, rice, ginger, pitch and tar, and sundry other commodities of the produce of our American plantations.

*"England takes from Holland great quantities of fine Hollands linen, threads, tapes, and incles, whale fins, brass battery, madder, argol, with a large number of other commodities and toys, clapboard wainscot, etc. But according to the custom-house accounts we overbalance them in trade to a considerable value: according to this view of the trade of Holland, the balance paid us<sup>2</sup> is thrice as much as we receive from either Portugal or Spain. But when we consider the great number of smuggling ships that are employed between this country and Holland, and the supply we have from them of pepper and all other sorts of India spice, with calicoes, muslins, India silks, and romals and other manufactures of India, coffee, tea, chinaware, and very great quantities of Hollands and*

<sup>1</sup> "Discourse of Trade," 1670, p. 27.

<sup>2</sup> Ed. cited, pp. 59-63. Cf. p. 11, as to the herring fishery.

<sup>3</sup> *I.e.*, in cash, according to the mercantilist delusion.



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*fine lace, cambrics, Dutch paduasoyes, velvets, and other wrought silks, it is apt to furnish the thinking part of mankind with other notions.*<sup>1</sup>

And again, in regard to "Trade between England and the Sugar Plantations" we learn that these *might* produce "a great many other commodities which we now have from India by way of Holland, as cinnamon, cloves, nutmegs, tea, coffee, etc."<sup>2</sup>

This is the evidence of an admirer of the Navigation Acts. And he does not stand alone as regards his testimony to a great smuggling trade between Holland and England. Another leading trade authority of the same period was Josiah Tucker, of Bristol, whose *Essay on the Trade of France and Britain* was first published in 1750. One of his sixteen proposals for trade reform was "To establish a police for the prevention of smuggling," and under this head he puts:

"Query II.<sup>3</sup> If the jurisdiction of the Isle of Man was annexed to the crown, in the same manner as the heritable jurisdictions in Scotland lately were, could France, Holland, Denmark, etc., find any place in our own seas as a storehouse or magazine for depositing their several contraband goods in order to run them on the coasts of England, Wales, Scotland and Ireland? If the collectors of the customs of the present noble proprietor of this island were obliged to lay before the Parliament their books of entries for the last seven years, and such entries compared with the accounts that might be transmitted from France, Holland, Denmark, etc., would it not appear that the respective India companies of those countries had imported vast quantities of teas, and other India goods, principally with a view to smuggle them into Great Britain and Ire-

<sup>1</sup> Work cited, ch. xii. I quote from the 6th ed., Glasgow, 1760.

<sup>2</sup> *Id.*, ch. xiv.

<sup>3</sup> Reprinted from his "Inquiry" as to low-priced spirituous liquors.

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land? . . . Do the French, Dutch, Danes, etc., permit the English to use any port of their dominions for the like purpose? . . .”<sup>1</sup>

Thus disappears the last and poorest plea for the Navigation Act. It did not even destroy the Dutch trade with England, save possibly for a short period. On the contrary, it set the Dutch upon new manufactures which could pass under the Act; and, finally, it created a wholesale smuggling trade which turned the Act into an idle formula.

### III

LET us be quite clear as to what has thus far been proved. It is not a question of what *might* have been effected by the Navigation Acts had they been differently handled. It is a question, first, of what they were meant to do, and, secondly, of what they actually did—or did not—accomplish.

1. In so far as they were specially aimed at Holland, they were certainly planned to divert carrying trade from her to England, not as a military measure.

2. Their real effect was to hamper English trade in all directions, one of their first results being a serious increase in prices and in the cost of shipbuilding. From twenty to ninety years after the passing of the first, English writers lament continued English inferiority to Holland in shipping and commerce.

3. Failing alike to promote English shipping and to depress Dutch, they obviously added nothing to English naval *power* as against Holland.

<sup>1</sup> “Essay on the Advantages and Disadvantages which respectively attend France and Great Britain with regard to Trade,” 4th ed., 1756, pp. 125-6.



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4. We have express English testimonies to the operation of superior Dutch *power* in addition to supremacy in trade many years after the first enactment; and it was after it had run for twenty-two years that the Dutch raided the Medway.

5. In particular, the main fields to be cultivated for the furnishing of seamen, the fisheries, were in no way improved by the monopoly policy, and seem to have been positively depressed by it. "The numbers employed in Holland by their fishery are prodigious," writes Harrison in 1744 (p. 24); "I fear ours bears no comparison."

6. Even the trade between Holland and England soon developed anew by way of systematic smuggling, which defrauded the English revenue. And the provision against imports of non-national produce by foreign ships seems to have set the Dutch upon extending their manufactures. Thus, a French writer on Dutch trade in 1700, referring to the English Act of 1651, states that the Dutch "had not then anything like the manufactures they have at this day."

To all this may be added another item :

7. Though Holland was a heavily taxed country, by reason of war debts, the working population there appears to have been, about 1690 and later, better off than the English. "The Dutch," writes Child (p. 11), "with whom we principally contend in trade, give generally more wages to all their manufacturers, by at least two pence in the shilling, than the English." And Richardson, in 1744, declares (p. 25) that by reason of the high customs in England "the Dutch merchants can carry on the same trade with much less stock than ours, sell cheaper, extend their commerce farther, and of course give

<sup>1</sup> "Memoirs of the Dutch Trade," Eng. trans., 2nd ed., 1719, p. 67.

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better encouragement to their working people, whereby they cause them to be more industrious than ours."

If all this testimony be reckoned insufficient, the point may be further proved by the actual statistics of English tonnage in the later periods under consideration. In 1690 Sir William Petty estimated the whole shipping of Europe at 2,000,000 tons, of which he allowed to England 500,000 and to Holland 900,000.<sup>1</sup> But this was only guesswork; and the author of "*The True Interest of Holland*," otherwise known as the "*Mémoires de Jean de Witt*," estimated Dutch shipping about 1670 at 10,000 sail, with 168,000 seamen; while the return obtained in England by the Commissioners of Customs in 1701 puts the whole mercantile marine of England at only 261,222 tons, with only 27,196 men.<sup>2</sup> Much of the Dutch shipping, doubtless, consisted of fishing smacks, which employed many thousands. But we have a much later statistic, which shows a very slow rate of expansion in English shipping, even at a time when Dutch trade was on the wane. George Chalmers, in his "*Estimate of the Comparative Strength of Great Britain*" (during the 18th century), believed to have been founded on official tables, puts the tonnage of English shipping at the accession of George I. no higher than 448,443, and estimates the number of seamen at 26,691<sup>3</sup>; while he puts the total outward clearances of English ships in the years 1726-28 at an average of 432,832. The cargo values of the period 1726-28 show only a slight increase, from about £7.7 to £7.9 millions. In the years 1736-38 he shows a considerable increase on

<sup>1</sup> "*Political Arithmetick*," ed. 1699, p. 165.

<sup>2</sup> Macpherson, "*Annals of Commerce*," sub. ann. 1701. Chalmers puts the outward clearances for 1700-3 at an average of 273,693 tons.

<sup>3</sup> This figure is probably too low.

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both heads, which is more than recovered in 1748, after a period of depression; and in 1749-51 the clearance figures are said to reach 609,798, with values amounting to £12.6 millions. But this appears to be an error (probably of 609,798 for 509,798), for in the years 1755-57 the average is given as only 451,254; and in 1760, the year of the accession of George III., the amount is 471,241, with values of £14.7 millions. In that year, too, the foreign shipping cleared outwards amounts to 112,737 tons, whereas in 1713-15 the average was only 26,573 tons, and in 1726-28 only 23,651 tons.<sup>1</sup>

Thus during the reigns of the first two Georges English exports appeared to have nearly doubled in *value*, while the tonnage of the mercantile marine, estimated on the clearances, increased only from 444,843 in 1714 to 471,241 in 1760, the foreign tonnage entering English ports in the same period having more than quadrupled. All this while, the naval *power* of the country had, of course, increased, but simply by way of direct construction, independently of the slow increase of the mercantile marine. The tonnage of the Royal Navy stood in 1715 at 167,596; and in 1721, after the Spanish War, at 158,233; but in 1749 it had reached 228,215, with 17,000 men, and in 1760, a war year, to 300,416, with 70,000 men, and a wages bill of £3,458,000. The cost must have been relatively all the heavier, because the war expansion was not backed by any great increase in the mercantile marine.

If it be asked why such widely published proofs of the futility of the Navigation Acts for their purpose had no influence on opinion and on action, the answer is simple. The policy was bound up with that of the monopoly of the

<sup>1</sup> "Estimate of the Comparative Strength of Great Britain," ed. 1793, pp. 103-131. Cf. Craik, "History of British Commerce," ii., 201-2.



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Colonial trade, which was on all fours with the policy of all the other Powers; and most men simply would not see the force of any figures which called that policy in question. Even Sir Josiah Child, after showing in abundant detail the failure of the system to help British trade or depress Dutch, defends it against those who pointed out that the Dutch, with no Navigation Act, did better than England with hers. That is to say, after his preface of 1690, giving his list of "Lost Trades," he reprints his earlier treatise, which simply formulates the reply with which Adam Smith confused himself long afterwards:—

"This kingdom being an island, the defence of which has always been our shipping and seamen, it seems to me absolutely necessary that Profit and Power ought jointly to be considered, and if so, I think that none can deny but the Act of Navigation has and does occasion building and employing of three times the number of ships and seamen that otherwise we would do, and that consequently if our force at sea were so greatly impaired, it would expose us to the receiving of all kinds of injuries and affronts from our neighbours, and in the conclusion render us a despicable and miserable people."

He had actually shown that much trade had been *lost* by England after 1651; and his argument now implies that but for the Navigation Act she would have lost a great deal more. As we have seen, and as Adam Smith avowed, the loss was the inevitable result of the policy. Nor would Smith have pretended that the decline of Dutch commerce in the 18th century was in any way attributable to the refusal of Holland to adopt the English policy. It was plainly a result of the total conditions. The old trade of Holland rested on no natural productivity apart from the fisheries, which yielded more wealth than any land

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industries; and as the other nations gradually developed their population, their resources and their shipping, her carrying trade was bound to decline relatively if not absolutely. In our own age, still under Free Trade conditions, it has again vastly expanded; and her power is as great as her natural limitations of area and population permit of.

When the Free Trade question came to be fought out in the 19th century, it was the followers of Smith who strove for the repeal of the Navigation Acts; and since that step was taken the progress alike of shipping and of naval power has been so immense as to stultify every general plea for their re-enactment whether on commercial or on military grounds. The Acts were substantially repealed in 1849, and completely in 1854, when the British coasting trade was thrown open to the ships of all nations. The results were that whereas British tonnage in the period 1803-41 had increased only from 1,986,076 to 2,935,399, it had risen in 1861 to 4,806,826; in 1891 to 8,279,297; in 1906 to 11,167,332; and in 1912 to 13,846,365.<sup>1</sup> And as more than nine-tenths of the modern tonnage is steam, whereof one ton is reckoned to do the work of three tons of modern sail, which is greatly more efficient for freight than the sail of a hundred or even of sixty years ago, it is a fair estimate that in sixty-five years of Free Trade the real carrying power of the British mercantile marine has been multiplied twenty times.

Upon that basis has been built up by far the greatest naval power that the world had ever seen. In 1916 the strength and efficiency of that will not be disputed by

<sup>1</sup> That is, *net* tonnage. The *gross* tonnage in 1912 was 19,179,177. It is not clear how the modes of measurement of to-day, whether gross or net, compare with those of the earlier part of the century.



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either friend or foe. Whatever case, then, may be made out for a reversion to the policy of the Navigation Acts, it cannot be a case for the strengthening either of our mercantile marine or of our naval power. The old tradition, partly kept in countenance by Adam Smith, as to the efficiency of the Acts in promoting British naval power and curtailing Dutch, turns out on investigation to have been a complete delusion. It would be far nearer the truth to say that they constantly checked and hampered British commercial development for two hundred years.

### IV

WHAT, then, is really aimed at by those who propose a return to the policy of the Navigation Acts? and what is likely to happen to our shipping as a result of such a policy?

The *Times* correspondent, before cited, is somewhat guarded. He merely points out that the Repealing Act provides for the imposing of retaliatory prohibitions and restrictions on the ships of foreign countries which impose prohibitions and restrictions as to voyage and cargo upon ours, and that "these important powers may possibly come into use after the war;" and he concludes:—

"Unless and until the *retaliatory clauses* of the Act of 1853 are put into force or new Navigation Acts are passed, British ships for purposes of trade have no advantages (except that of reputation and tried efficiency), no legal advantage, that is, over foreign ships."

Is that, then, all that is in question? Is the idea simply to impose retaliatory prohibitions and restrictions on the ships of foreign Powers, whether Allies, enemies, or neutrals, which impose disabilities on ours? We seem

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bound to infer that this cannot be the real aim of the new agitation. The brief *Times* report of the deputation to Mr. Bonar Law and Mr. Runciman on April 3 indicates only that the latter recognised the importance of doing something in regard to the differing advantages enjoyed by ships in British harbours or territorial waters.<sup>1</sup> As to that there is no present need for discussion: we have not even had a clear statement of the grievances referred to. But it is not a mere adjustment of such grievances that is pointed to by the formula "British Trade for British Ships"; and it is not a mere rectification of harbour dues that has motived the popular propaganda in regard to the Navigation Laws. The very use of the name of these Laws tells of some much more important "objective" than harbour regulations.

What is really appealing to the public imagination is the idea of curtailing German commerce after the war by excluding German ships from British ports, and thus further limiting the basis of German naval power.

Once more, I have nothing to say against such a policy *if it can be shown to be likely to effect its purpose without reacting injuriously on the commerce of ourselves and our Allies*. But the very fact that the proposal is backed by the assumption that the old Navigation Acts were successful where in point of fact they were worse than futile, is a warning to us to examine the probabilities carefully before we bestir ourselves as we are invited

<sup>1</sup> Even as to this we are left in doubt. The report represented Mr. Runciman as saying that the Board of Trade had not recognised the importance of the subject, or even realised the facts, until its attention had been called to them by the Associated Chambers of Commerce. In an official answer to a question in the House of Commons on April 10th, Mr. Runciman stated that the report was at this point false, and that the language ascribed to him bore no resemblance to any used by him to the deputation, or on any other occasion.

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to do. And, if it can be shown that the theory will not bear critical examination, other grounds of protest will become obvious.

Trying the scheme strictly on its merits, let us assume that the policy of prohibition is to be applied solely to German shipping. The first effect will, of course, be a retaliatory prohibition, making an end of all direct exports to and imports from Germany. Is it proposed to follow up such a measure by vetoing also our imports from Germany through neutral countries, or is such trade to be allowed to continue? If yes, we shall simply be paying extra carriage costs for much of what we do import. If, on the other hand, there is to be a complete boycott, we shall simply be making an end of a total annual direct trade of many millions of pounds.

It may be argued that this will be made good by our increased trade with our Allies. But thus far we have not the slightest warrant for believing that Russia, France, and Italy propose to stop trading with Germany after the war. On the contrary, a responsible and qualified Russian official has expressly pointed out, what we all know to be true, that Russia cannot without great loss to herself abandon her trade with Germany, which in time of peace amounts to a full third of her total commerce. Either, then, the plea for a prohibition policy must be limited solely to the article of shipping, or we shall be committing ourselves to abandon German trade when our Allies do not, with the result that we cannot possibly make good our loss, since they cannot give us trade to a compensating amount.

If, on the other hand, we decide to permit British trade with Germany through neutral countries, we shall in the first place be increasing our costs as aforesaid and



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consequently lessening the amount of trade done. Perhaps that would be a price worth paying for the restriction of German shipping. But would that be the effect?

At the very outset, obviously, we should have to face the problem of the probable German ownership of vessels under neutral flags. We must suppose that, however scarce may be German capital for years after the war, there will be a resolute attempt to resume German trade. A really practical proposal, which would strike at German shipping without injuring ours, is that of the French Mercantile Marine Commission, to the effect that at the close of the war all mercantile tonnage that has been sunk by violence shall be *replaced* by the guilty Power. Such a stipulation in the terms of peace would be both just and expedient. Germany would thus be compelled to make good the maritime destruction she has wrought by giving up her actual ships, whether at home or interned in foreign ports. The Allies would then resume their sea trade as nearly as may be on their pre-war footing, while Germany would have to build her shipping afresh. Such a policy has every recommendation that the prohibition lacks; and we may perhaps take it for granted that the Allies will adopt it.

Supposing, then, that German traders should proceed to acquire Scandinavian and Dutch and American ships, and keep them under their original flags, we must either allow our prohibition policy to lapse or demand proof that all neutral ships using our ports shall be free of German ownership. And how are we to get such proof? Are we to demand that neutral Powers shall make an inquisition into the ownership of the vessels under their flags which they have never made before? Are Norway and Sweden and Denmark and Holland and the United States



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to be told that we cannot recognise ships under their flags unless they officially certify to us that there is no German ownership involved? And if they decline to make such an inquisition, or fail to satisfy us that they do it thoroughly, shall we prohibit *their* shipping in turn? What about local companies which may be controlled by German companies? We for our own part may decide to root out all such ramifications of German capital, but it is hard to see how we can compel Neutrals to do so even in the single matter of shipping.

Let us suppose, again, that after the war whatever British goods Germans may desire to buy are bought for them by Neutrals and carried from our ports by neutral-owned ships. It is hardly to be supposed that even the *Morning Post* will advocate the prohibition of a sale of Newcastle coal to a neutral trader after the war unless he can satisfy the authorities that he will not take it to a German port. With that or any other product that the Germans might happen to want, all that the Neutral need do, even if we demanded a guarantee against his sailing to a German port, would be to take it to his own country and there tranship it—perhaps not even that. As the Germans may be supposed to know that when they buy foreign products it is for their own advantage (though our Protectionists appear to be able to get up a conviction that when we buy goods it is by way of benefiting the foreigner), all this might actually take place. In that case we should simply have achieved the remarkable stroke of making it impossible for a British ship to carry British coal to Hamburg, while permitting a neutral ship to carry it to a neutral port, whence a neutral *or* a German ship could take it to Germany.

If, with a prohibition policy on foot, our prohibitionists

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should, on the other hand, see the expediency of letting Neutrals trade in their own way, our boycott of German shipping would still more directly amount thus to a mere disabling of British shipping, whose work would, so far as Germany was concerned, simply be done for us by Neutrals. It would be a fine thing for Norway, Sweden, Denmark and Holland, but British shipowners would be puzzled to discover where benefit accrued either to them or to their country.

A policy of exclusion of German shipping would thus only force us to adopt a further policy of exclusion of neutral shipping, if we were not to stand by and see a large part of our carrying trade go to neutral flags, whose ships in turn would stand a fair chance of becoming German property, without our being in the least able to prevent it. Some of our theorists, who seem incapable of thinking out the results of any policy, would doubtless be ready to take the further step of excluding neutral shipping from British ports. By that time the road to ruin would have revealed itself to all with eyes to see, and they would refuse to go farther; but the harm would have been done. All the maritime advantages which might have been won from the marine disabilities of Germany at the end of the war would have been lost. Like the dog in the fable we should have dropped our bone by snapping at its shadow in the water; and we should stand convicted of repeating the worst blunders of our ancestors in the teeth of the plain historical record of their error and their failure.

## V

THUS once more it would appear that premature plans, dictated only by resentment, for injuring the enemy after the war is over, are but counsels of delusion. "Never

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anger made good guard for itself," says Shakespeare, concerning Antony. The anger of the Long Parliament against Holland, perfectly natural as it was, wrought nothing but harm, in regard to which the sole compensation was that Holland shared in it. The initial step of unintelligent reprisals was followed by war after war, checking trade, sowing fresh enmity, and endangering England by weakening Holland's power of resistance to Louis XIV., the great enemy, in his day, of the liberties of Europe. That is not the kind of risk involved to-day; but besides the certain injury to ourselves, there is again the plain prospect of extending embroilments by a policy of trade war, as distinguished from one of peaceful competition. The whole policy of reciprocal injury in trade, which became the dominant idea in politics for a century and a half after 1651, was responsible for most of the many wars in that period. From the Peace of Westphalia till the period of the French Revolution questions of commerce as causes of war "took the place formerly occupied by questions of religion."<sup>1</sup> And the quarrels were nearly always unintelligent on both sides. The Dutch brought the Navigation Act upon themselves by their monopolist policy in the Sound; and the English in turn paid many penalties, as we have seen, for their adherence to it. By it they blighted in the bud the development of their "Plantations," and prepared the way for the revolt of the American Colonies.

To resume the policy of those unenlightened times would be an evil augury for the world's future after the World War. There is, indeed, an element of levity in the very form of the discussions which have been thus forced upon us. On the plea that we must make all our

<sup>1</sup> Gardiner, as above cited, ii., 150.



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arrangements well in advance, we are daily called upon by our amateur theorists to consider this or that plan for injuring the enemy after he has been beaten and made to sue for peace. Always the chickens are to be counted before the hens begin to lay; we are to discuss, not the terms of peace, as is rationally proposed by the French Mercantile Marine Commission, but the terms of a militant commerce after peace is declared. Common sense would seem to dictate a concentration of our energies on the primary business of beating the enemy in the field. The Allies may very usefully discuss the methods of promoting their trade with each other in the future, were it only to make clear, as against the vapourers, to what courses they can actually pledge themselves; but a code of provisions for *not* trading with Germany and Austria and Bulgaria will not be found among these.

If, however, we must discuss crude schemes formulated by indignant patriots for the depression of the enemy *in saecula saeculorum*, let the inquiry be conducted in the light of history and economic reason, both of which are conspicuously absent from the propaganda we have been considering, so far as it takes any more positive shape than the guarded deliverances of the *Times* correspondent.

The very demand for rational inquiry will, of course, be stigmatised as "pro-Germanism" by the manufacturers of the various cries we have had to consider. At that risk, we may recall the saying of a German without Teutomania, who expressly disparaged Germanism in the days when German culture was cosmopolitan. It was Schiller who said that "*With* stupidity [on their side] even the gods fight in vain"—not "*against* stupidity," as he is frequently misquoted. To fight against stupidity is certainly tedious, but the task is not desperate. It is when we ourselves



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employ the weapons of stupidity, and cultivate its temper by way of proving the strength of our patriotism, that we incur certain defeat.

The men of the Long Parliament who framed the Navigation Act of 1651 were the men who could not solve their domestic problems without a civil war, the sequel of which was a Dictatorship, followed by a reversion to the *status quo ante*, with much wreckage of good ideals by the way, in addition to all the bloodshed. If we are to prove ourselves wiser than they, it will hardly be by a reversion to their trade policy, which belongs to the age before economic science.

And yet even the men of the Long Parliament did not go to work with the *purpose* of opening an era of conflict. When we say that the Act was "aimed" at Holland, we are apt to convey a false impression. They had no thought, as we have seen, of treating Holland as the eternal enemy. She had played a dog-in-the-manger game as regards the Sound; and they were simply determined to retaliate in kind. And not only was their retaliation legitimate, apart from the question of its wisdom: it was on the ordinary lines of the statecraft of the time, and there was no thought, certainly no talk, of keeping Holland for ever at arm's length. Trade between the two countries never ceased, save during actual war: as we have seen, it grew afresh on the lines of the Navigation Act. The Dutch resigned themselves to the loss of their carrying trade with England, continuing what trade suited them in English bottoms; for they never "cut off their nose to spite their face." Their shipping gains in other directions amply compensated them. In time, as has been shown above, they developed new manufactures which they may or may not have exported to England in their own

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ships. The point is not clear : what is certain is that they developed a large and profitable smuggling trade. Thus commerce went on, and the idea of an eternal hatred never took form. In 1688, England found her account in accepting a Dutchman as king.

Thus the policy proposed to-day, grounded as it is on an ideal of perpetual enmity, is theoretically a retrogression beyond the standpoint of the seventeenth century. It has certainly the excuse of an immense iniquity on the part of the enemy State, beside which the atrocities of the seventeenth century bulk small. But it is none the less an acceptance of a prospect of eternal and active hatred between two (or more) States, to be established by systematic trade policy. It thus fails to meet any rational conception of wise statesmanship.

## VI

THERE is yet another consideration which should appeal to good citizens in this connection, especially after it has been made clear that a prohibition policy on the lines of the Navigation Act would inevitably prove a fiasco in practice. This incessant talk about injuring German trade after the war, as it happens, supplies to the German war-party exactly the pretext they want for carrying on the war to the uttermost. They point to such propaganda as proving their assertion that the real object of the British people in entering the war was, first and last, to destroy German commerce. This is the pretext that was first grasped at, and has been most constantly employed, alike by the champions of German *Kultur*, by the Press in general, and by the responsible politicians. All sane people in this country know it to be an absurdity "gross

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as a mountain, open, palpable." Whatever men here may have reckoned would be the probable cost of the war, everyone knew in advance that it was likely to be many hundreds of millions, apart from the immense injury to industry which war always causes. The truth, we knew, was exactly the other way. Britain ostensibly ran by far the greatest risk of commercial loss on the high seas; and the German commercial and banking interests had notoriously turned latterly to the view that only by extension of *Weltmacht* could their precarious financial position be solidified. The thesis of our commercial motive, in short, was one of the three capital falsehoods of the German case.

But now we have a section of ostensibly commercial-minded theorists in this country strenuously striving to give colour to the falsehood. Every demand they make for a policy of systematic suppression of German trade entitles the German leaders to tell their people that Britain is aiming above all things at their perpetual ruin; that no peace can affect our purpose; and that Germany must fight to the death if she is to avoid sheer national annihilation. The demand that the Allies shall offer Germany terms of peace before she asks for them is absurd enough; but here we have a coterie vociferously proclaiming terms of *no* peace; terms perfectly fitted to convince the German people that any peace will be but a prelude to a new form of war. It would be hard to carry impolicy further. Our uncalculating theorists, profoundly convinced of their own supersagacity, appear to be of all men in the British Empire the least fitted to guide the State.

By accepting and formulating such a policy, the British and any other of the Allied Governments would simply be inviting a war of utter desperation; letting the German people know in advance that no restitution, no indemnity,



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will save them from a future of virtual war; that if they surrender on terms it will only be to find themselves barred as far as possible from the trade by which alone they can even pay indemnities. Themselves the real aggressors, the real "villains of the piece," they will be supported in their pretence that they are the innocent victims of a European conspiracy to destroy them. The Allied Governments *cannot* take up such a self-stultifying position; and we know in effect that the Russian Government, geographically compelled to trade with Germany, will not pass the required ordinance.

Those who desire simply to mark their sense of the baseness and brutality of the German war policy—and there must be millions among us who feel in duty bound to do so—can give very effective expression to their feelings by systematic abstention from the use of German products after the war. In that way the people of all the Allied nations can bring home to the German consciousness the penalty of gross international disregard of the moral law. On this subject there has been a strange conflict in current talk, newly exemplifying "the falsehood of extremes." While some demand the perpetuation of hostilities in trade, others cynically avow (or did in the earlier stages of the war) approval of an immediate resumption of former relations by all traders on the conclusion of peace. Such general resumption will not speedily take place. Germans will certainly experience the lasting resentment of millions of their former customers, who will be perfectly justified, as individuals, in abstaining from their former dealings with the nation that has systematically aimed at the destruction of non-combatants in war, to say nothing of the initial crime against Belgium and all its hideous sequel.



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But there is all the difference in the world between this individual and really ethical revolt against intercourse with a guilty nation and the *governmental* adoption of a concerted policy of deliberate suppression of German trade. In the natural course of things, trade is gradually resumed between States that have been at war, simply because trade is a matter of reciprocal advantage. Exchange of raw materials is the first and simplest process; and a half-starved Germany will want to buy foods wherever it can as soon as peace is declared. If our zealots should then call upon the Russian Government to refuse to sell her rye, they will probably get a curt answer. To aim at starving a beaten enemy after war is over is *not* "magnificent," and is *not* "war," as soldiers understand it. And the policy of systematically impoverishing the defeated enemy by way of Navigation Laws excluding German trade would be only a variation of such a procedure.

It would be idle to answer that the Germans, for their part, would do everything in their power to injure the trade of the Allies after the war, if they were victorious, and will indeed seek to do so in any case. The answer is that, because of the very nature of trade, the Germans cannot, any more than we, impose a boycott on the trade of other countries without finding the blow recoil upon themselves. They can never recover their ground without trading with their great natural customers, their neighbours, unless the Allies should be so misguided as to set up a trade policy which would drive Germany into the arms of the Neutrals, and them into hers. And the decisive arguments against all the ill-considered plans proposed by our retaliationists is that they would infallibly *promote* German trade in some such way at the expense

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of our own. A resort to Navigation Laws against German shipping would be followed, among other things, by the granting of special German privileges to the shipping of neutral States, with the result of diverting their trade to her ports as far as possible.

Those who are sanely concerned to develop the trade of the Allies after the war have a wide and fruitful field open to them without resort to the blundering devices of Navigation Laws, tariffs and trade boycotts. They have but to apply their energy, enterprise, and intelligence to the utilisation in trade of the new fraternity set up by the war among the States which are now fighting Germany. If this is competently done, there will be reaped a gain greater than would even be the loss inflicted by the other method. Much has already been done, and much more may be done. Some fanciful people demurred to the talk about "capturing German trade" during the early stages of the war, when the phrase simply meant a resort to the markets which Germans could no longer supply. The objection was idle. The Germans would certainly have set about capturing our trade if they had had our advantages; and the course taken was that of commercial common sense. Our last statistics of exports partly reveal the national gain accruing.

But, once more, this is a very different thing from a resort to legislative machinery which would operate as a boomerang, laming the user. The way to do good trade is to make sound goods and supply them conveniently at reasonable prices. The *Times* correspondent before cited makes the significant remark that British ships enjoy no advantages *except that of reputation and tried efficiency*. Long may they rely on that advantage! The economic literature of the seventeenth and eighteenth centuries

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reveals to us that the long supremacy of the Dutch in trade was due above all things to (1) the efficiency of their shipping, which was scientifically planned and built for the different kinds of traffic with which it had to deal; (2) their practice of Free Trade at home as regards customs and shipping dues; and (3) their system of supervising and guaranteeing the quality of the vast quantities of cured fish with which they supplied Europe. The British fisheries long languished because no such precautions were taken: the trade went badly because it did not give steadily good value. In modern times other nations have learned the lessons so early mastered by the Dutch. When I sojourned in Germany thirty years ago it was a decisive recommendation of an article on sale to call it *echt englisch*—genuine English. If British traders will but make it their maxim to preserve that reputation, and to carry on their business with commercial efficiency in all respects, they will never have cause to repent of doing without the fallacious devices which so signally failed in the hands of their ancestors. A zealous cultivation of foreign languages might bring them as much profit as those devices would bring loss. And it would avail as much for the establishment of that world-peace which all men avowedly desire as those devices would do to the contrary.







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